

The Community Resource Kit

Guidance for people setting up and running community organisations



Section 8

Record-keeping

THE COMMUNITY RESOURCE KIT

Section 1: **Getting started**

Section 2: **Planning**

Section 3: **Organisational structures**

Section 4: **Governance**

Section 5: **Policies**

Section 6: **Meetings**

Section 7: **Financial management**

Section 8: **Record-keeping**

Section 9: **Raising funds**

Section 10: **Employment**

Section 11: **Communications**

Section 12: **Information technology**

CONTENTS (SECTION 8)

1 **Organising your records**

What is a record?

Start at the start

Classifications of records

Records to keep

Checklist of records to keep

Records you must keep by law

Historical records/archives

Keeping records on computer

5 **Organising your filing system**

Good filing systems

Filing equipment

Filing location

Checklist for establishing a filing system

Checklist for maintaining your systems

7 **Keeping information safe and private**

Information safety

Avoiding slow destruction

Protecting against disaster

Disaster protection checklist

Information privacy

Privacy Act 1993

Information privacy checklist

9 **Where to go for more information**

Online resources

Other resources

Organising your records

NB: Your organisation or group is required by law to keep accurate records some for seven years.

Keeping good records helps you manage your organisation effectively and efficiently, and helps you make sound decisions. Deciding how to keep and maintain records, and who has access to them, is important if an organisation is to function well.

Keeping accurate and up-to-date records:

- allows you to control your finances better i.e. up-to-date records help to determine if your group is making enough money to cover its expenses
- provides evidence of whether your organisation is being run well, which may help to judge how well you are performing generally
- makes it easier for potential funders to know whether to fund your group or project
- makes filing tax returns (and GST returns) easier and quicker
- keep your organisation within the law by maintaining accurate records
- means accounting and any audits will take less time.

What is a record?

A record is any information that's written or entered on paper, computer or other media. It includes information that you either must by law keep, or want to keep for a period.

Start at the start

As soon as you form your group, you should start keeping records. It is much better to keep accurate records as you go, rather than trying to work backwards at a later date. When you draw up your organisation's founding policies, create a record-keeping or document management policy.

Tip: For more information on policies, see Archives New Zealand's *Guide to Developing a Recordkeeping Policy*, available at: <http://continuum.archives.govt.nz/recordkeeping-publications.html>

Decide how you are going to store your records. You can use an electronic filing system on a computer or a paper-based system. Whatever the system is, it should be reliable, accurate, secure and easy to use. If it is a computer-based record system you must have secure back-up of your files (see Chapter 12 – Information Technology). It is good business practice to keep hard copies of invoices, faxes, emails, and other material that is also stored on your organisation's computer system. In some circumstances, keeping physical records is also required by law.

Classifications of records

There is a wide variety of records that an organisation should keep — you need to keep enough records to calculate your income and expenses and to confirm your accounts.

The following is a guide to suggested categories of records that you may need to keep, together with examples of each. This list can be used to form the basis of a filing system, however it isn't intended to be a complete or mandatory list – what you keep in the end partly depends on the type and size of your organisation. Be aware that there are records you must keep by law (see Records you must keep by law).

Governance records:

- constitutional records (constitution/trust deed)
- board/trust/committee documents
- minutes of meetings
- annual reports
- annual accounts (signed copies)
- planning documents
- governance policies (and policy development documents).

Premises/assets records:

- premises leases
- equipment leases, warranties and other documents
- insurances.

Financial records:

- invoices
- cheque books
- bank statements
- budgets
- loan agreements
- monthly and year end accounts
- treasurer and auditor reports.

Funding records:

- funding calendar
- copies of applications and accountability reporting
- contracts for services (by funder and contract).

Employment records (for paid workers and volunteers):

- job descriptions
- recruitment records (note privacy requirements to not keep records too long)
- time and wage records (including holiday records)
- health and safety records
- performance management records.

Note the privacy requirements for employment records.

Operational records:

- operational plans
- operational policies — office management, communications plans, marketing plans, etc
- programme/project records (separate files for each significant programme or project)
- client records and plans (note the privacy requirements for personal records)
- correspondence (regularly review what is on file to dispose of unnecessary items)
- details of lobbying/advocacy including submissions
- media and press clippings.

Records to keep

Community groups, as other organisations, need to have clear policies about what documents and records they should keep, and what to dispose.

Checklist of records to keep

Records that must be kept include:

- the constitution/trust deed and information about setting up the organisation
- all the valuable information you have that helps to run your organisation e.g. mortgages, contracts
- information about what is currently happening in or with or for your organisation
- information you are required by law to keep for a period of years (see below)
- information you want and need to keep for reference including historical information
- plans, letters, photos, videos, reports and stories about your organisation.

Tip: For more information on the records you should keep, see the Inland Revenue booklet *IR323: Record-keeping*. Available from: <http://www.ird.govt.nz/>

Records you must keep by law

This table sets out the records you are required to keep under certain legislation and the minimum length of time these records must be kept for (retention periods).

Records	Retention Details	Legislation
Business (financial) records including: <ul style="list-style-type: none">• books of account (whether manual or electronic)• bank statements, vouchers, receipts, invoices and tax invoices, and payment details• details of assets and liabilities• details of services provided and invoices raised• details of tax returns – including signed manual copies of electronic returns. Annual accounts and audit reports (if applicable).	Retain for seven years after the end of the year to which they relate Keep the records in safe custody Permanently	Tax Administration Act 1994 Goods and Services Tax Act 1985 Companies Act 1993 Not specified but good practice

Employment records: <ul style="list-style-type: none"> • wages and PAYE tax records (including KiwiSaver deductions and employer contributions) • wages and employee time records • holiday pay records and entitlements • accident and serious harm register. 	seven years six years six years Not specified	Tax Administration Act 1994 (KiwiSaver Act 2006) Employment Relations Act 2000/Minimum Wages Act 1983 Holidays Act 2003 Health & Safety in Employment Act 1992
Vehicle mileage records/log books	seven years	Income Tax Act 2004
Charitable (tax-exempt) organisations need to keep records of donations received and how the funds have been spent	seven years	Tax Administration Act 1994
<ul style="list-style-type: none"> • constitution • share register (for a company) – register of members 	Permanently	Companies Act 1993 (but this should guide other entities)
<ul style="list-style-type: none"> • minutes of general meetings • minutes of directors' meetings • annual reports • trustee, board or committee records for other organisations. 	seven years	Companies Act 1993 (but this should guide other entities)

Remember that the records need to be kept:

- in English unless specifically approved otherwise
- in written form or in a form that is easily accessible and can be converted to written form.

Tip: The information in this table may change if the legislation changes. Do not rely on it as legal advice. For more information on record-keeping legislation, visit the Archives and Records Association of New Zealand (ARANZ) website: http://www.aranz.org.nz/Site/resources/general/recordkeeping_legislation.aspx

Historical records/archives

The list of records above gives a legal minimum period to keep certain records. You may want to keep some of them for longer periods, and there are others you may want to keep out of interest or for later reference. Some records you may want to keep for historical interest could include:

- annual plans
- mission statements
- policies
- projects and programmes (all or selected)
- evaluation reports and media articles
- letters of appreciation, and
- minutes and meeting records.

If your community organisation ceases to exist you should consider having your records stored. For more information, see the National Library's *Managing & Preserving Community Archives* booklet, available free from: <http://www.natlib.govt.nz/services/get-advice/preservation/preservation-help>

Keeping records on computer

Computers and systems can fail resulting in your organisation losing important documents. Establish a regular maintenance programme to ensure the safe-keeping of your electronic records which must be retrievable and readable at all times. For more information see Section 12 – Information Technology.

Tip: Keep a paper copy of all important records and regularly back up all electronic documents.

Organising your filing system

Good filing systems

For your organisation to function well, it's essential to have an effective and efficient filing system.

A good filing system is:

- easy to understand and use
- a suitable size for the available space
- accessible to all who are authorised to use it
- able to keep the records safe and in good condition, and
- able to keep the records secure to fit with the provisions of the Privacy Act 1993 (see later).

Filing equipment

Filing equipment you may choose to use includes:

- box files
- computer files
- filing cabinets (lockable)
- ring binder folders
- manila or colour-coded folders, and
- filing baskets.

Filing location

For larger organisations with a lot of information, there are different ways of physically storing your paper-based records system. Storage can either be in one central place (centralised) or files can be kept in different locations (departmentalised), depending on the nature of the information e.g. accounts, projects, etc. Alternatively, you can use a combination of the two: workers keep files they use a lot in their own offices/rooms, but back-ups and less-used files have a central home.

Checklist for establishing a filing system

To establish your filing system:

- divide your organisation's information into classifications (as per the earlier guidelines)
- create a file list of the divisions you've made
- use dividers for different subjects under that file
- document the expected content of each file so people know where to put what
- decide on an appropriate filing system that keeps records in order e.g. file papers in chronological or date order, with the most recent papers on top or at the front
- consider how you are going to protect your records from dirt, dust, fire, water, earthquake, humidity, sunlight, intruders, insects, rodents, etc, and
- make sure that the paper records match the electronic records.

Tip: Most organisations will keep records both electronically and manually so it pays to set up your manual and computer filing systems with the same file headings.

Checklist for maintaining your systems

At least once a year, spend time on maintaining your records and filing systems by:

- removing out-of-date material (e.g. old newsletters from other organisations)
- disposing of any confidential information securely by either shredding documents or using a document disposal company
- sorting out and filing away historical material
- checking that the file divisions are still relevant (if necessary, consult a records management professional)
- undertaking an audit to ensure that the required information is kept in the expected place.

Tip: For more ideas on organising your filing systems, see *Organize Your Filing Systems: A Four-Step Formula That Really Works*: <http://www.womensmedia.com/work/190-organize-your-filing-systems-a-4-step-formula-that-really-works.html> .

Keeping information safe and private

Information safety

Information and records are vulnerable from slow destruction and from disaster. It's important to take active steps to protect your records from risk.

Avoiding gradual destruction

Some sources of damage are slow-acting or infrequent, but can still make information unusable. They include heat, humidity, light, computer security threats (viruses, malware, etc.) vermin (insects and rodents), damp and mould (which can adversely affect paper, disks, photos, slides and videos).

You can reduce these risks by keeping records in folders, covers or boxes in clean, dry surroundings. Keep them off the floor, and away from:

- light
- food
- cleaning supplies and other chemicals
- heaters and open flames
- water, heating and sewerage pipes.

Ensure you:

- have fire extinguishers, smoke detectors and/or a sprinkler system in the records area
- keep your computer safe and your information secure – always back-up your data.
- keep records in secure storage – in a safe if necessary.

Protecting against disaster

Some damage happens suddenly and unexpectedly. Examples include fire, flood, storm, earthquake, explosion, computer crash and power failure. Your group should have a disaster recovery plan for records.

Disaster protection checklist

You can help protect your records from being damaged in a disaster by:

- duplicating information and keeping hard copies
- by having backups of your computer records (see Section 12 – Information technology)
- keeping important originals (e.g. leases, bonds, etc.) at the bank, with the lawyer, or in a fireproof safe
- keeping photocopies of important records at home or another office (e.g. creditors, insurance)
- knowing where to find experts who can help in the event of disaster. There are experts in this field called 'conservators', and most computer firms have expertise in recovering computer records.

Tip: For more information on disaster protection, visit: <http://biztaxlaw.about.com/od/businessaccountingrecords/tp/beforeafterdisaster.htm> .

Information privacy

Some information – like client records and personal staff files – should not be accessible to everybody in the organisation.

Privacy Act 1993

The Privacy Act 1993 and associated principles govern the way community groups need to keep information private. It also gives a guide to sharing information with others. The Act is based on 12 privacy principles. These set out broad rules (together with limited exceptions) relating to the collection, storage, security, accuracy, use and disclosure of personal information, as well as an individual's rights to access and correct personal information.

The Privacy Act applies only to 'personal information' about an identifiable individual. It does not apply to information about organisations, companies or other bodies.

<http://privacy.org.nz/>

Information privacy checklist

To ensure privacy of information:

- have a procedure that identifies records that are sensitive and make sure authorised staff know they are sensitive
- have a 'clear desk' policy for sensitive records – put records away promptly
- be aware of physical security and lock records away when not in use
- take care when disposing of confidential records – they should be shredded or disposed of securely (an option for larger organisations)
- develop a confidentiality policy
- do not leave records where an unauthorised person can read them or steal them
- keep records in their covers, folders or boxes
- do not take records home
- make a note of who took them if records are taken from where they are normally kept, including when they were taken and when returned
- protect sensitive computer-based information with passwords, and
- do not keep personal information longer than required – either by law or for the purpose for which it was obtained.

Tip: For more information about your rights and obligations under the Privacy Act 1993, visit the Office of the Privacy Commissioner website: <http://www.privacy.org.nz>. The Office also holds workshops and training programmes to help agencies comply with the Act or codes. Also see *Keeping it Legal – E Ai Ki Te Ture* – <http://keepingitlegal.net.nz/learn-more/privacy/>

Where to go for more information

Online resources

1. **Inland Revenue Department** – <http://www.ird.govt.nz/> . A wide range of information about keeping records (both manually and electronically), including IR323: Record-keeping.
2. **Archives New Zealand's Record-keeping Publications** – <http://continuum.archives.govt.nz/recordkeeping-publications.html> . A collection of fact sheets, guides, standards, forms and templates for government departments, but also useful to community organisations.
3. **Archives and Records Association of New Zealand (ARANZ)** – <http://www.aranz.org.nz> . Information and resources related to information management.
4. **What you need to know about record-keeping** – <http://www.mcleanandco.co.nz/Page140.htm> . Record-keeping information from Chartered Accountants, McLean and Co.
5. **Department of Labour's Infozone** – <http://www.dol.govt.nz/infozone/businessessentials/employ/record-keeping/> . Record-keeping requirements for employees' holiday and leave, and wage and time records.
6. **Office of the Privacy Commissioner** – <http://www.privacy.org.nz> . Information and resources on rights and obligations under the Privacy Act.
7. **Keeping it Legal – E Ai Ki Te Ture** – www.keepingitlegal.net.nz . Information on the Privacy Act 1993 and the obligations it imposes on organisations.
8. **Record-Keeping for Non-Profit Organizations** – Ontario Ministry of Agriculture and Rural Affairs (Canada) – <http://www.omafra.gov.on.ca/english/rural/facts/08-059.htm> . A handy factsheet on good record-keeping practices.
9. **Record-Keeping** – INC. A Guide for Incorporated Associations in Western Australia – http://www.commerce.wa.gov.au/associationsguide/Content/05_Records/5.0_Record_Keeping.htm . Record-keeping information that will be useful to NZ community organisations (note: the legal requirements do not apply to NZ)

Other resources

1. **The Treasurer's Resource Manual**, North Shore Community and Social Services Inc. Includes a section on financial record-keeping. See: <http://www.nscss.org.nz/publications/resources> .
2. **Role of Secretary**, North Shore Community and Social Services Inc. Includes information on Privacy Act requirements. See: <http://www.nscss.org.nz/publications/resources> .